



LUTHER C. SPEIGHT & COMPANY

A Corporation of Certified Public Accountants
and Management Consultants

**DISTRICT ATTORNEY OF THE ORLEANS
JUDICIAL DISTRICT
ORLEANS PARISH, LOUISIANA**

**FINANCIAL STATEMENTS
TOGETHER WITH INDEPENDENT AUDITOR'S REPORT THEREON
FOR THE YEAR ENDED DECEMBER 31, 2005**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

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**DISTRICT ATTORNEY OF NEW ORLEANS JUDICIAL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
DECEMBER 31, 2005**

The Management's Discussion and Analysis (MD&A) of the District Attorney of the Orleans Judicial District (District Attorney) provides an overview of the District Attorney's financial activities for the fiscal year ended December 31, 2005. The intent of the MD&A is to look at the District Attorney's financial performance as a whole. The MD&A should be read in conjunction with the District Attorney's financial statements found in the financial section starting on page 3, and the notes thereto. MD&A is an element of the new reporting model adopted by the Governmental Accounting Standard's Board (GASB) in their Statement No.34 *Basic Financial Statements and Management Discussion and analysis-for State and Local Governments* issued June 1999.

Financial Highlights

1. Total assets at December 31 2005 reflected \$ 3,503,827 including capital assets of \$ 2,993,303. Cash and cash equivalents totaled \$180,856 as of year-end.
2. Total liabilities of \$1,130,235 included accounts payable of \$919,987.
3. Total net assets reflected a balance \$ 2,373,592 and include amounts designated for investment in capital assets of \$2,977,735. These amounts for capital assets have been significantly impacted by the devastation from Hurricane Katrina, however the balances have not been adjusted to record the financial effects.
4. The District Attorney's Office generated total revenue from fines, fess and charges for services in the amount of \$ 619,382.
5. Total revenue for the period was \$6,247,054.
6. Total expenses for the District Attorney for the year ended December 31, 2005 were \$7,004,123.
7. The level of total revenue and total expenses for the year resulted in a negative change in net assets totaling (\$757,070).
8. Interfund transfers reflected a net balance of \$23,782 and is reflected as an amount Due to Related Funds.

**DISTRICT ATTORNEY OF NEW ORLEANS JUDICIAL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
DECEMBER 31, 2005**

(continued)

The following illustrates the minimum requirements for the District Attorney as established by GASB Statement 34:

Management Discussion and Analysis

Basic Financial Statements

Notes to the Financial Statements

Required Supplementary Information

These financial statements consist of three sections- Management's Discussion and Analysis (this section), the basic financial statements (including notes to the financial statements), and required supplementary information.

Basic Financial Statements

The annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about activities of the District Attorney as a whole and present a longer-term view of the District Attorney's finances. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenue and expenses are taken into account regardless of when cash is received or paid.

The Statement of Net Assets and Statement of activities report the District Attorney's net assets and changes in them. You can think of the District Attorney's net assets, the difference between assets and liabilities, as one way to measure the District Attorney's financial health, or financial position. Over time, increases or decreases in the District Attorney's net assets are one indicator of whether its financial health is improving or deteriorating.

DISTRICT ATTORNEY OF NEW ORLEANS JUDICIAL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
DECEMBER 31, 2005

(Continued)

All of the District Attorney's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District Attorney's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District Attorney's activities, as well as, what remains for future spending.

**Statement of Net Assets
As of Year End**

	<u>2005</u>	<u>2004</u>
Current and other assets	\$ 510,524	\$ 1,175,965
Capital assets	<u>2,993,303</u>	<u>3,036,219</u>
Total Assets	<u>3,503,827</u>	<u>4,212,184</u>
Current Liabilities	919,987	784,183
Compensated Absences Payable	0	341,912
Other Payables	<u>210,248</u>	<u>175,679</u>
Total Liabilities	<u>1,130,235</u>	<u>1,301,774</u>
Net Assets		
Investment in capital Assets	2,977,735	2,814,307
Unrestricted Net Assets	<u>(604,143)</u>	<u>96,103</u>
Total Net Assets	2,373,592	2,910,410
Total Liabilities and Net Assets	<u>\$3,503,827</u>	<u>\$ 4,212,184</u>

Net assets of the District Attorney reflected a decrease from the prior year of \$536,818 as compared to the prior year. The decrease results from a significant decrease in current assets during the current year. The decrease was partially offset by the reduction in the liability of compensated absences which was not recorded for the present period.

DISTRICT ATTORNEY OF NEW ORLEANS JUDICIAL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
DECEMBER 31, 2005

(Continued)

Statement of Activities
For the Years Ended

Governmental Activities		2005	2004
Expenses			
	General Government Activities	\$7,004,123	\$11,333,994
Revenues			
	Fines, Fees and Charges for Service	619,382	1,008,239
	Operating Grants and Contributions	5,606,695	10,139,323
		<u>6,226,077</u>	<u>11,147,562</u>
General Revenue		<u>20,976</u>	<u>141,779</u>
Change in Net Assets		<u>\$ (757,070)</u>	<u>\$(44,653)</u>

The District Attorney's total revenues of \$ 6,247,023 decreased significantly from the prior year level of \$ 11,289,341. This decrease of \$5,042,318 resulted from severe reductions in appropriations and funding from the City of New Orleans appropriations after Hurricane Katrina. In addition, the State of Louisiana warrant subsidies paid directly to assistant district attorneys were not fully recorded for the year.

The total expenses recorded at \$7,004,123 reflected a sharp decrease of \$ 4,329,871. This decrease related primarily to the layoff of certain employees immediately after Hurricane Katrina. In addition, direct salary subsidies paid to assistant district attorney were not fully recorded.



LUTHER C. SPEIGHT & COMPANY

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Eddie Jordan
District Attorney of the Orleans
Judicial District
Orleans Parish, Louisiana

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the **DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT** as of and for the year ended, December 31, 2005, which collectively comprise the basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the **DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT**. Our responsibility is to report on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standard applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our report.

The fixed assets of the District Attorney's Office were significantly damaged or destroyed by Hurricane Katrina and the related flood. The fixed assets balances for furniture, fixtures and equipment stated at \$2,007,307 and vehicles stated at \$ 970,453 were not adjusted to reflect the effect of the impairments to these capital assets to the related financial statements. In addition, the amounts of related depreciation expense was not determined or recorded. Accordingly, we were unable to determine the fairness of the recorded amounts for capital assets.

Prior year audit adjusting entries were not posted to the general ledger for the current period. In addition, year-end closing entries had not been posted for the prior years as of December 31, 2005. In addition, other unreconciled differences affected the current period statement of net assets and the balance sheet – governmental funds. As a result the statements included net asset adjustment and fund balance adjustment totaling a net \$ 220,252 and \$ 96,103 respectively. We were unable to determine the detail comprising these fund balance adjustments through alternative audit procedures.

Continued,

The District Attorney was unsuccessful in its defense of a discrimination lawsuit brought by forty-five (45) former employees of the office. The resulting judgment is currently estimated at \$4 million to include lost wages, benefits and attorney's fees as of December 31, 2005. The District Attorney has not exhausted its appeals to the judgment, however a favorable outcome for the District Attorney in this matter is in question. No adjustment has been made to the financial statements for amounts that may be due as a result of this judgment and resources have not been identified to fund the judgment in the event of an unsuccessful appeal.


The District Attorney's Office experienced high personnel turnover and layoffs as a result of Hurricane Katrina. Payments of accrued and vested benefits were due as of year-end, however the balance in compensated absences was not reconciled or properly adjusted to reflect the amounts due to separated employees as of December 31, 2005. The balance sheet for the year end reflected a net balance of \$0. We were unable to determine the level of adjustment to the accounts required in accordance with generally accepted accounting principles.

The District Attorney did not perform analysis of budgeted to actual results for its general fund activities. Accordingly, we were unable to disclose budget comparisons to actual performance, as required by generally accepted accounting principles.

Because of the significance of the matters described in paragraphs three (3) through seven (7) , we are unable to express, and we do not express, an opinion on the financial statements referred to in the first paragraph.

In accordance with *Government Auditing Standards*, we have also issued a report dated July 13, 2007 on our consideration of the **DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT**'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying schedule of Expenditures of Federal Awards is presented for purpose of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of State, Local Governments, and Non-Profits Organizations*, and is not a required part of these financial statements. Required supplemental information in the table of contents, is presented for purpose of additional analysis and is not a required part of the financial statements. Such information has been subjected to the procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.



Luther C. Speight and Company
July 13, 2007

GOVERNMENTAL FUND

DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT

Statement of Net Assets December 31, 2005

ASSETS

Current Assets

Cash	\$ 180,856
Due From Related Funds	-
Grants Receivable	255,163
Accounts Receivable - Other	74,505
Prepaid Expenses	-
Total Current Assets	<u>510,524</u>

Noncurrent Assets

Furniture, Fixtures and Equipment	2,007,307
Vehicles	970,453
Asset Forfeiture	
Capital Leases	15,543
Total Noncurrent Assets	<u>2,993,303</u>

Total Assets	<u><u>\$ 3,503,827</u></u>
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Liabilities and Net Assets

LIABILITIES

Current Liabilities

Accounts Payable and Accrued Liabilities	919,987
Due to Agency Fund	78,069
Due to Related Funds	23,782
Benefits Payable	92,829
Total Current Liabilities	<u>1,114,667</u>

Non-current Liabilities

Capital Lease Obligations	15,568
Total Liabilities	<u>1,130,235</u>

NET ASSETS

Investment in Capital Assets	2,977,735
Unrestricted Net Assets	(604,143)
Total Net Assets	<u>2,373,592</u>
Total Liabilities and Net Assets	<u><u>\$ 3,503,827</u></u>

The accompanying notes are an integral part of this statement

DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT

Statement of Activities
for the Year Ended December 31, 2005

FUNCTIONS / PROGRAMS	Expenses	Program Revenues		
		Charges for Services	Operating Grants & Contributions	Net (Expenses) Revenue
Governmental activities:				
General government	\$ 7,004,123	\$ 619,382	\$ 5,606,695	\$ (778,046)
Total governmental activities:				<u>(778,046)</u>
General revenues:				
Unrestricted investment earnings				20,976
Transfers from other funds				-
Total general revenues and transfers				<u>20,976</u>
Changes in net assets				<u>(757,070)</u>
Net assets - beginning				2,910,410
Beginning balance adjustment				220,252
Net assets - ending				<u>\$ 2,373,592</u>

The accompanying notes are an integral part of this statement

DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT

Balance Sheet - Governmental Fund
December 31, 2005

ASSETS AND OTHER DEBITS	Governmental Fund
Cash and Investments	\$ 180,856
Accounts Receivables	-
Due from Funding Sources	255,163
Prepaid Expenses	-
Due from Other Funds	74,505
Total Assets	<u>\$ 510,524</u>
LIABILITIES	
Accounts Payable	\$ 919,987
Due to Funding Source	78,069
Payroll Deduction Payable	92,829
Accrued Compensated Absences	-
Unearned Revenue	-
Due to Other Funds	23,782
Total Liabilities	<u>1,114,667</u>
FUND BALANCES	
Unreserved, Undesignated	<u>(604,143)</u>
Total Fund Balances (Deficit)	<u>(604,143)</u>
Total Liabilities and Fund Balances	<u>\$ 510,524</u>

The accompanying notes are an integral part of this statement

DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Year Ended December 31, 2005

REVENUES	Governmental Funds
City of New Orleans	
Administrative Payroll	\$ 2,678,712
Fines and Fees	7,870
Bond Forfeitures	94,473
Bail Bonds	160,698
Court Costs	136,832
Worthless Checks	153,358
Interest Income	21,330
Expense Reimbursement	2,007,109
State Warrants	617,071
Drug Testing Fees	53,861
Other	445
Victims Assistant Coordinator	124,900
Diversionary Program	74,943
Gaming Control Fees	50,000
Restitution	1,917
Fingerprinting	2,200
Vending Machines	1,043
Administration Fees	54,911
Copies	5,381
Total Revenues	<u>6,247,054</u>
 EXPENDITURES	
Salaries and Related Benefits	5,039,762
Collections Expense	50,396
Travel and Training	41,826
Materials and Supplies	246,837
Automotive Expenditures	8,534
Contracted Services	759,619
Law Books and Journals	37,489
Literature	305
Equipment Rental and Maintenance	28,669
Telephone	141,590
Transcripts	31,055
Witness Expenses	30,824
Extradition	5,091
Investigative	28,640
Furniture, Fixtures, and Equipment	572
Miscellaneous	2,076
Insurance	43,648
Computer Equipment Rental & Supplies	31,947
Leases	417,627
Drug Testing	43,010
Miscellaneous Court Cost	14,607
Total Expenditures	<u>7,004,124</u>

continued,

EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(757,070)</u>
OTHER FINANCING SOURCES (USES)	
Operating Transfers-Out	-
Operating Transfers-In	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES	(757,070)
FUND BALANCE (DEFICT) - BEGINNING OF YEAR	<u>96,103</u>
FUND BALANCE ADJUSTMENT	56,824
FUND BALANCE - END OF YEAR	<u><u>\$ (604,143)</u></u>

DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT

Reconciliation of Total Governmental Fund Balances to
Net Assets of Governmental Activities
December 31, 2005

Total Governmental Fund Balances	(S604,143)
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Amounts reported in governmental activities in
the statement of net assets are different because:

Capital assets used in the governmental activities are not financial resources and therefore are not reported in the funds.	2,993,303
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Long-term liabilities are not due and payable in the period and therefore are not reported in the funds.	<u>(15,568)</u>
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Net Assets of Governmental Activities	<u>\$ 2,373,592</u>
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The accompanying notes are an integral part of this statement

DISTRICT ATTORNEY FOR THE ORLEANS JUDICIAL DISTRICT

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2005

Net change in fund balances - total governmental funds (fund financial statements) \$ (757,070)

Amount reported for governmental activities in the statement of activities
are different because:

Governmental funds report capital outlays as expenditures in the individual fund.
Governmental activities report depreciation expense to allocate the cost of those
capital assets over the estimated useful lives of the asset.

Capital asset purchases capitalized

Depreciation expense

-

-

Change in net assets of governmental activities

\$ (757,070)

The accompanying notes are an integral part of this statement

AGENCY FUNDS

DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT

Balance Sheet
Agency Funds
As of December 31, 2005

	<u>Bond Forfeitures Fund</u>	<u>Assets Forfeitures Fund</u>	<u>Totals</u>
ASSETS			
Cash	\$ 129,615	\$ 50,486	\$ 180,101
Due from Diversion	<u>3,500</u>	<u>-</u>	<u>3,500</u>
Total Assets	<u>\$ 133,115</u>	<u>\$ 50,486</u>	<u>\$ 183,601</u>
LIABILITIES			
Due to Diversion	\$ 3,500	\$ -	\$ 3,500
Bonds Held for Future Disposition	129,615	-	129,615
Asset Forfeitures Held for Future Disposition	<u>-</u>	<u>50,486</u>	<u>50,486</u>
Total Liabilities	<u>\$ 133,115</u>	<u>\$ 50,486</u>	<u>\$ 183,601</u>

DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT

**Combined Balance Sheet
Agency Funds
Year Ended December 31, 2005**

	<u>January 1, 2005</u>	<u>Additions</u>	<u>Deductions</u>	<u>December 31, 2005</u>
ASSETS				
Cash	\$ 8,988	\$ 171,400	\$ 287	\$ 180,101
Due from Diversion	<u>-</u>	<u>3,500</u>	<u>-</u>	<u>3,500</u>
Total Assets	<u>\$ 8,988</u>	<u>\$ 174,900</u>	<u>\$ 287</u>	<u>\$ 183,601</u>
LIABILITIES				
Due to Diversion	\$ -	\$ 3,500	\$ -	\$ 3,500
Bonds Held for Future Disposition	1,852	127,763	-	129,615
Asset Forfeitures Held for Future Disposition	<u>7,136</u>	<u>43,637</u>	<u>287</u>	<u>50,486</u>
Total Liabilities	<u>\$ 8,988</u>	<u>\$ 174,900</u>	<u>\$ 287</u>	<u>\$ 183,601</u>

DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT

Statement of Changes in Assets and Liabilities
Agency Funds
For The Year Ended December 31 2005

	January 1, 2005	Additions	Deductions	December 31, 2005
BOND FORFEITURE				
Assets				
Cash	\$ 1,852	\$ 127,763	\$ -	\$ 129,615
Due from Diversion	-	3,500	-	3,500
Total Assets	<u>\$ 1,852</u>	<u>\$ 131,263</u>	<u>\$ -</u>	<u>\$ 133,115</u>
LIABILITIES				
Due to Diversion	\$ -	\$ 3,500	\$ -	\$ 3,500
Bonds Held for Future Disposition	1,852	127,763	-	129,615
Total Liabilities	<u>\$ 1,852</u>	<u>\$ 131,263</u>	<u>\$ -</u>	<u>\$ 133,115</u>
ASSET FORFEITURE				
Assets				
Cash	\$ 7,136	\$ 43,637	\$ 287	\$ 50,486
Due from General Fund	-	-	-	-
Total Assets	<u>\$ 7,136</u>	<u>\$ 43,637</u>	<u>\$ 287</u>	<u>\$ 50,486</u>
Liabilities				
Due to General Fund	\$ -	\$ -		\$ -
Asset Forfeitures Held for Future Disposition	7,136	43,637	287	50,486
Total Liabilities	<u>\$ 7,136</u>	<u>\$ 43,637</u>	<u>\$ 287</u>	<u>\$ 50,486</u>

**DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT
ORLEANS PARISH, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005**

INTRODUCTION

As provided by Article v. Section 26 of the Louisiana Constitution of 1974, the District Attorney has charge of every criminal prosecution by the state in his district, is the representative of the state before the grand jury in his district and is the legal advisor to the grand jury. He performs other duties as provided by law. The District Attorney is elected by the qualified electors of the judicial district for a term of six years.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

The financial statements of the **DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT** (the District Attorney's office) have been prepared in conformity with General Accepted Accounting Principles (GAAP) as applied to government units. The Government Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

REPORTING ENTITY

For financial reporting purposes, in conformance with GASB Statement 14, the financial statements of the District Attorney's Office includes all funds, account groups and activities that are controlled by the District Attorney as an independent elected official. As an independently elected official, the District Attorney is solely responsible for the operations of his office, which include the hiring or retention of employees, authority over budgeting, responsibility for deficits and the receipt and disbursement of funds. Accordingly, the District Attorney's Office is a separate governmental reporting entity. Certain units of local government over which the District Attorney exercises no oversight responsibility, such as the New Orleans City Council and other independently elected officials within Orleans Parish are excluded from the accompanying general purpose financial statements. These units of government are considered separate reporting entities and issue financial statements separate from that of the District Attorney's Office.

FUND ACCOUNTING

The District Attorney's Office uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

FUND ACCOUNTING (Continued)

Funds are classified into two categories, governmental, and fiduciary. The governmental fund, in turn, is divided into separate "fund types" including the collection and disbursement of earmark monies (special revenue funds). The general fund is used to account for all financial resources except those required to be accounted for in another fund.

The district Attorney's office has two agency funds. These fiduciary funds account for assets held on behalf of outside parties. Agency funds account for assets held by the District Attorney in a custodial capacity (i.e., Assets equal liabilities) and do not involve measurement of operations.

The funds presented in the financial statements are as follows and are classified as governmental funds.

General Funds

The General Fund consists of the District Attorney's Office Expense Fund and the Diversionary Program Fund. The District Attorney's Office Expense Fund was established in compliance with Revised Statute 15:571.11D, which provides that all of the fines collected and bonds forfeited be transmitted to the District Attorney's Office to defray the expenses of this office, and the criminal courts of Orleans Parish. Statute 15:571 was revised effective September 1, 1986 to require a one-half split of all bond forfeitures, fines, and Criminal Court fund collection between the District Attorney's Office and the Criminal District Court. The Diversionary Program Fund consists of accounts for the activity associated with the operation of the District Attorney's Office prosecution diversion program for first-time, non-violent offenders of illegal drug possession.

Special Revenue Fund (Title IV-D)

The Title IV-D Fund consists of payments made by contract with the Louisiana Department of Social Services as reimbursement for services rendered. The payments received from the Department of Social Services originate with the Department of Health and Human Resources and are authorized by Act 117 of 1975 which established family and child support programs compatible with Title IV-D of the Social Security Act. The purpose of the fund is to enforce the support obligations owed by absent parents to their family and children, to locate absent parents, and to obtain family and child support.

Special Revenue Fund (Parenting/Fatherhood)

The Parenting/Fatherhood Fund consist of Training for men. The program encompasses a nine (9) week cycle of classes. Classes activities involve lectures and group discussions, open dialogues and feedback, group rituals in circles, participant demonstration exercises, group chants, and test.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

FUND ACCOUNTING (Continued)

Special Revenue Fund (Payroll)

The District Attorney's Office Payroll Fund was established January 1, 1979 when the District Attorney's Office assumed responsibility for its payroll operation, which was previously handled by the City of New Orleans. Monies appropriated by the City each year are used to pay the salaries of administrative and clerical personnel, part of the salary of the District Attorney and Assistant District Attorneys, payroll taxes and the administrative expenses of the payroll. Monies appropriated by the State of Louisiana each year are used to supplement the salaries of the Assistant District Attorneys.

Special Revenue Fund (Target Cities Fund/OAD)

The Target Cities Fund consists of a from the U.S. Department of Health and Human Services via the Center for Substance Abuse Treatment and the Louisiana Department of Health and Hospitals, passed through the State Office of Alcohol and Drug Abuse. The program is designed to be a prosecution diversion program for first-time, non-violent offenders of illegal drug possession. The program utilizes hair and urine testing technologies to monitor the drug use of offenders diverted from prosecution.

Special Revenue Fund (Targeted Capacity Expansion / S.A.M.H.S.A)

The Targeted Capacity Expansion Fund and S.A.M.H.S.A. consists of a grant from the U.S. Department of Health and Human Services via the Louisiana Department of Health and Hospitals, passed through the State Office of Alcohol and Drug Abuse. The program is designed to provide substance abuse treatment services to students between 13 and 17 years old in the New Orleans area. The program provides state-of-the art treatment programs such as family and cognitive behavioral intervention and includes a day treatment component to meet the needs of adolescent substance abusers and their families.

Special Revenue Fund (Criminal Justice Grant Fund)

The Criminal Justice Grant Fund consists of various grants from the U.S. Department of Justice, passed through the Louisiana Commission on Law Enforcement and the City of New Orleans. These grants support a wide variety of aspects pertaining to criminal justice. This includes the following:

- Increasing the prosecution of persons who violate state and local laws pertaining to violent crimes.
- Providing assistance to witnesses and crime victims.
- Reducing delays in Criminal and Juvenile Court trials.
- Increasing the information processing capabilities.
- Increasing the prosecution of domestic violence.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

FUND ACCOUNTING (Continued)

Special Revenue Fund (Domestic Violence Intervention)

The Domestic Violence Intervention Fund consists of a grant from New Orleans Police Foundation that is to improve the police and the Orleans Parish District Attorney's Office response to domestic violence. The District Attorney's Office will increase the rate of victimless prosecution in cases of domestic violence and will and victims in finding needed resources.

Special Revenue Fund (Community Gun Violence Prosecution Fund)

The Community Gun Violence Prosecution Fund consists of a grant from the U.S. Department of Justice to coordinate prosecution of gun violence, develop relationships with other governmental agencies to share information regarding gun violence, and to work to reduce gun violence within the community.

Special Revenue Fund (Drug Prevention Program Fund)

The Drug Prevention Program Fund consists of a grant from the U.S. Department of Education to help strengthen drug prevention activities in local schools by increasing the awareness of the extent and nature of adolescent drug abuse problems among area high school students, increasing the collaborative drug prevention activities in area high schools with higher crime rates, and to present educators with additional school-based drug prevention options.

Special Revenue Fund (Department of Education/Drug Prevention):

A grant was awarded by the United States Department of Education to the District Attorneys office and passed through to the Jefferson Parish Public School System (JPPSS). Grant resources are to be used by JPPSS to assist with the new drug testing program. JPPSS has to employ two High School Drug Advisors to oversee the implementation and administration of the drug testing and assistance program in eight Jefferson Parish public high schools.

Agency Fund (Bond Forfeitures)

The Bond Forfeitures Fund exists to receive bonds forfeited by defendants. These bonds are received by the District Attorney's Office and are required to be transferred to the Orleans Parish Criminal Sheriff's Office.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

FUND ACCOUNTING (Continued)

Agency Fund (Asset Forfeitures)

The Asset Forfeitures Fund is used to account for assets in narcotic cases in which the District Attorney's Office has received the seized assets, pending the final outcome. The assets may be shared between the New Orleans Police Department, Criminal District Court, and the District Attorney's Office is responsible for allocating the assets to the respective agencies net of the expenses incurred in handling the assets (i.e., advertising, etc.).

BASIS OF ACCOUNTING

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of measurement made, regardless of the measurement focus applied. The District Attorney's Office records are maintained on a modified accrual basis of accounting for its governmental fund types and agency funds.

Revenues

Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual, i.e., when they become both measurable and available.

State and city appropriations and interest, if not received by the date due, are accrued at the financial reporting date. Fines and fees, bond forfeitures, and miscellaneous income are recorded when due to the District Attorney's Office has a right to reimbursement under the related grant, generally corresponding to the incurring of grant related costs by the District Attorney's Office.

Expenditures

Expenditures, under the modified accrual basis of accounting, are recorded at the time liabilities are incurred.

Other Financing Sources (Uses)

Advances between funds that are not expected to be repaid are accounted for as transfers. In those cases in which repayments are expected, the advances are accounted for through the various "due to" and "due from" accounts. The District Attorney's Office reports deferred revenue on its combined balance sheet, when applicable. Deferred revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received by the government before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)
BASIS OF ACCOUNTING (Continued)

BUDGETS

The District Attorney's Office prepares an annual budget for the District Attorney's General Fund, Title IV-D Fund, Payroll Fund, Targeted Capacity Expansion Fund, Domestic Violence Intervention Fund, Parenting Program Fund, Juvenile Diversion Grant Fund, Target Cities / OAD Grant Fund, Criminal Justice Grant Fund, Gun Violence Prosecution / Project Sentry Fund, Hair Testing Fund, Economic Crime Unit, Drug Prevention Fund and S.A.M.H.S.A. / Project Success Fund. The budgets are prepared on a basis consistent with Generally Accepted Accounting Principles (GAAP). A comprehensive budget could not be located as a result of records destroyed in Hurricane Katrina. Accordingly, budgets and comparisons to actual results are not presented.

ENCUMBRANCES

Encumbrance accounting is not utilized by the District Attorney.

CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash includes amounts in demand deposits, interest bearing demand deposits, and money market accounts. Under state law, the District Attorney's Office may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana. Under Revised Statute 33:2955, the District Attorney's Office may invest in United States Treasury obligation, United States government agency obligations, time certificates of deposit of state banks organized under the laws of Louisiana, or national banks having their principal offices in the State of Louisiana, mutual or trust fund institutions which are registered with the Securities and Exchange Commission under the Securities Act of 1933 and the Investment Act of 1940. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

COMPENSATED ABSENCES

The District Attorney's Office has the following policy regarding vacation and sick leave:

Vacation Leave

Employees with one through three years of service accrue vacation days at a rate of 5/6 days per month, or 10 days per year. Vacations days may be carried into the next year as long as the total days carried do not exceed 20. For purpose of computing the carrying over of vacation days, the anniversary date of the employee's hire will be used.

Employee with three through five years of service accrue vacation days at the rate of 1-1/4 days per month, or 15 days per year. Vacations days may be carried into the next year as long as the total days carried do not exceed 25. Employee with five or more years of service accrue vacation days at the rate of 1-2/3 days per month, or 20 days per year. Vacations days may be carried into the next year as long as the total days carried do not exceed 30.

The District Attorney and /or First Assistant District Attorney may make exceptions to the policy concerning the carrying over of vacation days in circumstances that they deem to be appropriate.

The cost of vacation leave privileges, computed in accordance with the above, is recognized as a current year expenditure in the governmental funds when leave is actually taken or when employees are paid for accrued leave upon termination, while the cost of leave privileges not requiring current resources is recorded as a long-term liability.

Sick Leave

All employees accrue 5/6 days per month for a total of 10 days per year. Sick leave may be retained indefinitely and will not be forfeited if not used within any one year. However, sick leave cannot be used toward termination pay.

However, the District Attorney did not record a liability for compensated absences for the year ended December 31, 2005.

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles includes the use of estimates that affect the financial statements. Accordingly, actual results could differ from those estimates.

FUND EQUITY

Reserves of fund equity represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

TOTAL COLUMNS ON STATEMENTS-OVERVIEW

The total columns on the statements are captioned Memorandum Only to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

COMPARATIVE DATA

Comparative total data for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the District Attorney's Office financial position and operations. However, comparative data have not been presented in all statements because their inclusion would make certain statements unduly complex and difficult to understand.

NOTE B - ECONOMIC DEPENDENCY

The District Attorney's Office receives the majority of its revenue from funds provided through the City of New Orleans, the State of Louisiana, and various Federal grants and contracts. If significant budget cuts are made at the Federal, State or local level, the amount of funds the District Attorney's Office receives could be reduced significantly and have an adverse impact on its operations. Management is not aware of any actions that will adversely affect the amount of funds the District Attorney's Office will receive in the next fiscal year.

NOTE C - CASH AND CASH EQUIVALENTS

Deposits are stated at cost, which approximates market. Under state law, these deposits must be secured by federal deposit insurance or the pledge of bonds or other interest-bearing securities of the United States, or any agency thereof, owned by the pledging financial institution. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the pledging financial institution. As of December 31, 2005 all funds on deposit were at levels insured by federal deposit insurance.

NOTE D - FIXED ASSETS

Fixed Assets are recorded as expenditures at the time purchased. No depreciation has been provided on fixed assets. All fixed assets are valued at historical cost or estimated cost if historical cost is not available. Donated assets are valued at estimated market value. The District Attorney's Office policy is to capitalize fixed assets over \$500.

Significant losses to fixed assets were incurred as a result of Hurricane Katrina. The District Attorney had not determined the financial impact of the losses as of December 31, 2005 and accordingly did not make adjustments to these fixed asset accounts.

A Summary of changes in fixed assets follows:

	Balance January 1, 2005	Additions	Deletions	Balance December 31, 2005
Automobiles	\$ 970,453	\$ -	\$ -	\$ 970,453
Furniture, Fixtures and Equipment	1,991,993	30,857		2,022,850
	\$2,962,446	\$ 30,857	\$ -	\$ 2,993,303

NOTE E - PENSION PLANS

DISTRICT ATTORNEY'S CLERICAL AND ADMINISTRATIVE EMPLOYEES RETIREMENT PLAN AND TRUST

All employees, after completion of three months employment and having attained age 18, are eligible to join the District Attorney's Clerical and Administrative Retirement Plan and Trust (the Clerical and Administrative Plan). This plan was established January 1, 1982, and the IRS has made a favorable determination in a letter dated June 10, 1982 based on Section 1.401-1(b)(3) of the Income Tax Regulations.

The Clerical and Administrative Plan is a defined contribution thrift plan. The Clerical and Administrative Plan is voluntary and employees who elect to participate are required to contribute a minimum of 2.5% up to a maximum of 5% of their annual compensation depending upon their entrance date into the plan. The District Attorney's Office matches the first 2.5% of mandatory contributions. Voluntary contributions up to 3% to 5.5% of annual salaries are allowed. The maximum contribution an employee can make is 8%. No office match is made on the voluntary contributions. Vesting is 100% after three years of service. During 1994, the Clerical and Administrative Plan was amended to allow for the participation of all employees of the District Attorney's Office, including Assistant District Attorneys.

Other than the annual contributions made to the system, and recorded as expenditures, the District Attorney's Office does not guarantee any of the benefits granted by the Clerical and Administrative Plan.

NOTE E - PENSION PLANS (Continued)

During 2005, mandatory contributions to the plan made by employees amounted to \$33,786. In addition to the mandatory contribution, employees contributed an additional \$5,979 of voluntary contributions to the Clerical and Administrative Plan.

The District Attorney and the Assistant District Attorneys are members of the Louisiana District Attorney's Retirement System (DARS). The Louisiana District Attorney's Retirement System (the Plan) is multiple-employer, defined benefit pension plan that is administer and controlled by a board of trustees. It provides retirement, disability and death benefits to plan members and beneficiaries. The Louisiana District Attorney's Retirement System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by calling 225-267-4824.

Plan members are required to contribute 7% of their annual covered salary. For the Plan's fiscal years of July 1, 2004 through June 30, 2005 and July 1, 2005 through June 30, 2006, there was no requirement for employer contributions to the Plan. The contribution requirements of plan members, and the District Attorney's Office is established by the Plan's Board of Trustees. The Plan also receives revenue sharing funds as appropriated by the legislature and Ad Valorem taxes as determined by the Public Retirement Systems' Actuarial Committee up to a maximum of .2% of the Ad Valorem taxes shown to be collected.

Member contributions to the Plan are based on their total salary from all sources – salary paid by the State of Louisiana, paid by the parish (es); or any other governing body of a parish or political subdivision of the State of Louisiana, etc.

In 1990 substantial changes were made to the DARS. The changes to survivors' benefits are effective for everyone. Other changes are effective by election to be under the new provisions as amended by R.S. 16: 1042.1.

Employees can retire providing they meet one of the following criteria:

NOTE E - PENSION PLANS (Continued)

RETIREMENT PROVISIONS UNDER R.S. 16: 1042 (Old Plan)

- (1) Accrual Rate 3% per year of service
- (2) Normal Retirement 30 years of service regardless of age
23 years of service and age 55
18 years of service and age 60
10 years of service and age 62
- (3) Early Retirement Members are eligible for early retirement at age 60 if they have 10 years of creditable service, or at age 55 with at least 18 years of creditable service. Members who retire prior to age 60 with less than 23 years of service receive a retirement benefit reduced 3% for each year of age below 60.

RETIREMENT PROVISIONS UNDER R/S/ 16:1042.1 AS AMENDED IN 1990(New Plan)

- (1) Accrual rate 3.5% per year of service
- (2) Normal Retirement 30 years of service regardless of age
24 years of service and age 55
10 years of service and age 60
- (3) Early Retirement 18 years of service and age 55 with benefits reduced 3% for each year received in advance of normal retirement age.

Disability Benefits

Disability benefits are awarded to active contributing members with at least ten years of service who are found to be totally disabled as a result of injuries incurred while in active service. The member receives benefits equal to 3% (3.5% under New Plan) of his final compensation multiplied by the lesser of his actual service (not to be less than 15 years) or projected continued service to age 60.

Survivor Benefits

Upon the death of a member with less than five years of creditable service, the member's accumulated contributions and interest thereon are paid to the member's spouse or designated beneficiary. Upon the death of any active, contributing member with more than five years of service or any member with twenty-three years of service who is not retired, reduced benefits are payable to the surviving spouse or designated beneficiary. These benefits are based on the retirement benefits accrued at the member's date of death with option factors used as if the member had continued in service to earliest retirement age. If a member has no surviving spouse or children, his accumulated contributions and interest are paid to his designated beneficiary. In lieu of periodic payments, the surviving spouse or children may receive a refund of the member's accumulated contributions with interest.

NOTE E - PENSION PLANS (Continued)

CITY OF NEW ORLEANS EMPLOYEES' RETIREMENT SYSTEM

During 1997, clerical and administrative employees of the District Attorney's Office, who were not already receiving benefits from any of the other retirement plans sponsored by the City of New Orleans, became members of the Employees' Retirement System of the City of New Orleans (the Retirement System). The City Charter provided that the Retirement Ordinance (Chapter 114 of the Code) continues to govern and control the Retirement System under the management of a board of trustees. The Retirement System is a combination Defined Benefit and Defined Contribution Pension plan established under the laws of the State of Louisiana. The general administration and the responsibility for the proper operation of the Retirement System and for making effective the Retirement System. The Employees' Retirement System of the City of New Orleans issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by calling 504-658-1850.

Retirement System is required to contribute 4% of their salary in excess of \$1,200 per year. Employer contributions to the Retirement System are based upon the amount necessary to fund normal cost and amortization of past service costs over a period of thirty years beginning July 1, 1974, using the level percentage of payroll method. The contribution requirements of Retirement System members and the District Attorney's Office are established and may be amended by the Retirement System's board of trustees. The District Attorney's Office contributed \$121,561 to the plan during 2005. However, the District Attorney's Office does not guarantee any of the benefits granted by the plan.

Employees with thirty years of service, or who attain age 60 with ten years of service, or age 65, irrespective of length of service are entitle to a retirement allowance. The retirement allowance consists of an annuity, which is the actuarial equivalent of the employee's accumulated contribution, plus an annual pension, which, together with the annuity, provides a total retirement allowance equal to 25 to 4% of average compensation times the number of years of service. The maximum pension may not exceed 100% of average compensation. Pension amounts are reduced for service retirement prior to age 62. Average compensation is defined as average annual earned compensation for the highest thirty-six successive months of service, less \$1,200. Mandatory retirement age is 70.

Disability Benefits

Disability benefits are awarded to active members with 10 or more years of creditable service if a physician nominated by the board certifies that the member is totally incapacitated and that such incapability is likely to be permanent. The member receives an annuity, which is the actuarial equivalent to the employee's accumulated contribution, plus an annual pension, which, together with the annuity, shall be 75% of the service allowance that would have been payable upon service retirement at age 65, had the member continued in service to the age of 65. Such allowance is to be computed on the average compensation, plus the sum \$1,200 provided, however, that the minimum annual retirement allowance will be \$300 per year.

NOTE F - COMPENSATED ABSENCES

The District Attorney's Office did not receive its monthly appropriations from the City of New Orleans for the months following Hurricane Katrina through December 31, 2005. As a result, the District Attorney incurred payroll expenses for all staff personnel for only several pay periods subsequent to Hurricane Katrina based upon availability of funds on hand. A relatively small staff was maintained throughout the recovery period until funding from the City of New Orleans was restored. This resulted in significant staff layoffs.

The Office however did not determine the annual leave balances related to the layoffs as of December 31, 2005 and had not compensated the laid-off employees for their respective leave balances as of December 31, 2005.

NOTE G - CHANGES IN LONG-TERM OBLIGATIONS

The District Attorney's Office did not have any material long-term obligations recorded as of December 31, 2005.

NOTE H - ON-BEHALF PAYMENTS

STATE WARRANTS

The State of Louisiana provides direct payments of salaries to the District Attorney and to assistant district attorneys, as designated by the District Attorney's Office. These payments, referred to as "state warrants", provide each assistant district attorney with their base salary. If the District Attorney's Office wishes to pay the assistant district attorneys a salary greater than the amount of the state warrants (currently \$30,000 per year), the additional amount is paid out of the District Attorney's Office Payroll Fund.

In accordance with GASB No. 24, "Accounting and Financial Reporting for Certain Grants and Other Financial Assistance", the amount of state warrants paid directly to Assistant District Attorneys, as well as the related benefits, should be recognized by the District Attorney's Office as revenues and expenditures. However the District Attorney had not recorded amounts related to state warrants as of December 31, 2005.

OTHER

The accompanying financial statements do not include certain expenses of the District Attorney's Office paid out of the funds of the Criminal District Court, or directly by the City of New Orleans. Those expenses are summarized as follows:

- Major upkeep of the building located at 619 South White Street
- Electric, gas and water consumed in the building.
- Portion of the gasoline used by office automobiles.

These expenses are not required to be reflected in the financial statements.

NOTE I - LITIGATION

The District Attorney was unsuccessful in its defense of a discrimination lawsuit brought by forty-five (45) former employees of the office. The resulting judgment is currently estimated to exceed \$4 million to include lost wages, benefits and attorney's fees as of December 31, 2005. The District Attorney has not exhausted its appeals to the judgment, however a favorable outcome for the District Attorney in this matter is in question in the opinion of counsel. No adjustment has been made to the financial statements for amounts that may be due as a result of this judgment and resources have not been identified to fund the judgment in the event of an unsuccessful appeal.

NOTE J - RISK OF LOSS

The District Attorney's office is exposed to various risk of loss related to damage and destruction of assets, errors and omissions, and injuries to employees. The District Attorney's Office has contracted with a various insurers to cover its risk of loss in these areas. Health insurance for employees of the District Attorney's Office is provided through the health insurance plan of the City of New Orleans. The District Attorney's Office reimburses the City of New Orleans for the cost of health insurance for employees of the District Attorney's Office. Insurance for the automobiles owned by the District Attorney's Office is provided by the City of New Orleans.

FEDERAL FINANCIAL ASSISTANCE SECTION



LUTHER C. SPEIGHT & COMPANY

A Corporation of Certified Public Accountants
and Management Consultants

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Honorable Eddie Jordan
District Attorney of the Orleans
Judicial District
Orleans Parish, Louisiana

We were engaged to audit the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the District Attorney of the Orleans Judicial District as of and for the year ended December 31, 2005, and have issued our report thereon dated July 13, 2007. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit we considered the District Attorney of the Orleans Judicial District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the District Attorney of the Orleans Judicial District's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items 05-1, through 05-05, and 05-08.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low-level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal controls that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that the reportable conditions described above as items 05-01 through 05-05 and 05-08 are material weaknesses.

Compliance

As part of obtaining reasonable assurance about whether the District Attorney of the Orleans Judicial District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed certain instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings and questioned costs as findings 05-06, 05-07, 05-09, and 05-10.

This report is intended for the information of the District Attorney of the Orleans Judicial District, the Legislative Auditor of the State of Louisiana, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



Luther Speight & Company

July 13, 2007



LUTHER C. SPEIGHT & COMPANY

A Corporation of Certified Public Accountants
and Management Consultants

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

The Honorable Eddie Jordan
District Attorney of the Orleans Judicial District

Compliance

We have audited the compliance of the District Attorney's Office with the types of compliance requirements described in the *United States Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program as identified in the summary of auditor's results section on the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the District Attorney's Office management. Our responsibility is to express an opinion on the District Attorney's Office compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and (OMB) circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District Attorney's Office compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on District Attorney's Office compliance with those requirements.

In our opinion, the District Attorney's complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2005.

Internal Control Over Compliance

The management of District Attorney's Office is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the District Attorney's Office internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing an opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information of the District Attorney of the Orleans Judicial District, the Legislative Auditor of the State of Louisiana, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

A handwritten signature in dark ink, appearing to read 'Luther Speight', with a stylized flourish at the end.

Luther Speight & Company

July 13, 2007

DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT

Schedule of Expenditures of Federal Awards
for the year ended December 31, 2005

Federal Grantor	1 Pass-through Grantor	2 CFDA Number	3 Program Title	5 Project Number	Grant Period	7 Current Year Expenditures
U.S. DEPARTMENT OF JUSTICE						
	Office of Justice Programs	16.58	Public Corruption I	2004-DD-BX-1240	7/01/04-6/30/06	53,102
	Planning, Implementing & Enhancing Strategies in Community Prosecution Community		Juvenile Gun Grant			2,535
		16.580	Project Sentry		8/01/03-7/31/05	-
	passed through - State of Louisiana Commission on Law Enforcement and Administration of Criminal Justice	16.575	Crime Victim Assistance - Victim Advocate	CO2-9-017	10/01/04-5/31/05	29,966
	Drug Control and System Improvement - Formula Grant	16.579	Differential Case Management	B04-9-003	6/01/04-5/30/05	94,291
	Juvenile Prosecutors Grant	16.523	Weapons and Violence Elimination Court (WAVE)	A02-8-035	1/1/05-12/31/05	111,583
			University of New Orleans	03-166-S2	10/1/03-7/31/06	
	Passed through the City of New Orleans	16.590	Encourage Arrest	2004-WE-AX-0073	1/1/05-12/31/05	27,238
		16.590	Local Law Enforcement Block Grant			44,261
	Violence Against Women Formula Grant	16.588	Anti-Stalking Program	M01-9-002	1/1/05-12/31/05	71,492
		16.588	Vertical Prosecution	M02-9-001		46,774
			Juvenile Prosecutors			103,728
			P.O.S.T			2,661
			P.O.S.T			6,660
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES						
	Cooperative Agreements for Drug Abuse Treatment Improvement	93.959	Project In O.A.D.	351	7/1/04-6/30/05	64,447
			Katrina Emergency Fund			4,185
	Passed through the Louisiana Department of Social Services	93.563	Child Support Enforcement (Title IV-D)	355	7/1/04-6/30/05 7/1/05-6/30/06	1,350,456 850,532
TOTAL FEDERAL & STATE EXPENDITURES						\$ 2,863,911

The accompanying notes are an integral part of this statement

DISTRICT ATTORNEY'S OFFICE OF THE ORLEANS JUDICIAL DISTRICT

Notes to the Schedule of Expenditure of Federal Awards
For the Year Ended December 31, 2005

NOTE A - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards has been prepared on the modified Accrual basis of accounting. Grant revenue is recorded, for financial reporting purposes, when the District Attorney's Office has met the cost reimbursement or funding requirements for the respective grants.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

DISTRICT ATTORNEY FOR THE PARISH OF ORLEANS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED DECEMBER 31, 2005

FINDING #05-01 FIXED ASSETS NOT PROPERLY ACCOUNTED FOR

QUESTIONED COSTS \$ 0

CONDITION:

The fixed asset records for the District Attorney's Office were not updated as of year end December 31, 2005. The accounting records reflected fixed asset account balances as follows:

Furniture, Fixtures & Equipment	\$ 2,007,307
Office Equipment	15,543
Vehicles	<u>970,453</u>
	<u>\$ 2,993,303</u>

Our examination indicated that a physical inventory of the fixed assets was performed during April 2005, however we noted several exceptions related to the physical inventory process as follows:

- Although the physical inventory recap sheets contained estimated costs of each item, the documentation was not subtotaled or recapped in order to determine the total value of the fixed asset physical inventory.
- The fixed asset records per general ledger were not updated to reflect the adjustments resulting from the physical inventory.
- Significant losses to the capital assets of the District Attorney's Office were incurred due to Hurricane Katrina. The pre-Katrina fixed asset inventory was not updated to reflect the effects of damaged property resulting from the storm and the related flood.

CAUSE

We unable to determine the cause for this condition.

**DISTRICT ATTORNEY FOR THE PARISH OF ORLEANS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

FOR THE YEAR ENDED DECEMBER 31, 2005

EFFECT

We were unable to determine if the capital asset balances recorded at \$2,993,303 are fairly stated.

RECOMMENDATION

We recommend that the District Attorney's Office perform an updated inventory to reflect the lost or damaged fixed assets resulting from the flood. The updated inventory should be comprehensive, to also include the vehicles and all adjustments resulting from the inventory should be reflected in the general ledger accounts.

MANAGEMENT'S RESPONSE

The fixed assets of the District Attorney's Office are primarily located at 619 South White Street in New Orleans, Louisiana. This building sustained significant wind and flood damage from hurricane Katrina. The building has not been occupied since August 29, 2005. Electrical service has not been restored to the building. The District Attorney has reported fixed assets destroyed by Katrina to FEMA and the City of New Orleans. The District Attorney has compiled a fixed asset inventory of all assets located at its current temporary office. The fixed asset inventory compiled as of April 2005 will be updated to delete destroyed property, and to provide recaps of the estimated costs of the assets. General ledger accounts will also be updated to reflect adjustments.

**DISTRICT ATTORNEY FOR THE PARISH OF ORLEANS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

FOR THE YEAR ENDED DECEMBER 31, 2005

**FINDING #05-02 ACCOUNTING SOFTWARE PROCESSES NOT
 PROPERLY UTILIZED BY ALL STAFF**

QUESTIONED COST \$ 0

The accounting function for the District Attorney's Office generally consists of two staff components. The primary accounting functions for the general fund and the grant funds are operated by the District Attorney's primary accounting staff, while the accounting functions related to the Child Support Enforcement Program was handled by separate accounting staff within the District Attorney's Office.

Our examination generally showed that the accounting functions related to the Child Support Enforcement Program were properly handled. However, the accounting functions related to the general fund and the grant fund did not meet generally accepted accounting standards in many respects.

The financial statements did not include proper closing entries for the prior years and also did not include the posting of prior year independent audit entries. Accordingly, the balance sheet did not reflect updated balances in many instances.

CAUSE

The District Attorney's accounting staff did not appear to have a thorough understanding of the more technical operations of its accounting software system. In addition turnover of key accounting personnel within the department contributed to the conditions noted.

EFFECT

We were unable to determine the financial impact of the improper closing procedures.

RECOMMENDATION

We recommend that the District Attorney's Office evaluate its accounting staffing and structure in an effort to assure that personnel with the appropriate level of experience with the accounting system and software are in place to accomplish the more technical aspects of the accounting process.

MANAGEMENT'S RESPONSE

The District Attorney is committed to maintaining staff capable of utilizing its accounting software. The District Attorney will hire a permanent lead accountant familiar with governmental auditing processes to supervise its current accounting employees, and to ensure the accounting system is properly utilized.

**DISTRICT ATTORNEY FOR THE PARISH OF ORLEANS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

FOR THE YEAR ENDED DECEMBER 31, 2005

FINDING #05-03 CASH ACCOUNTS NOT PROPERLY RECONCILED

QUESTIONED COST \$0

CONDITON

Our examination of the District Attorneys' cash accounts indicated that three bank accounts were not properly reconciled to the general ledger. The reconciliations appeared to be prepared in proper format, but the general ledger balances per reconciliations did not agree with the general ledger provided to our firm for audit.

	Balance Per Bank Reconciliation	Balance Per General Ledger	Unreconciled Difference Over/(Under)
GENERAL FUND			
CASH PAYROLL - BANK ONE	\$ -	(49,787.11)	\$ 49,787.11
VENDING MACHINE OPERATIONS	493.07	292.50	\$ 200.57
TARGET CITIES	6,175.97	38,582.61	\$ 32,406.64)
TOTAL	<u>\$ 6,669.04</u>	<u>\$ (10,912.00)</u>	<u>\$ 17,581.04</u>

CAUSE

We were unable to determine the cause for this condition.

EFFECT

These differences could potentially reflect unrecorded financial activity in the general and grant funds.

RECOMMENDATION

All bank accounts should be reconciled to the general ledger balance on a monthly basis. Hard copy print-outs of the year end general ledger and related bank reconciliations should be maintained on file.

MANAGEMENT'S RESPONSE

Current accounting staff has been instructed to complete reconciliations on a monthly basis and to maintain hard copies of the general ledger and reconciliations in an appropriate file.

to ensure correct posting. A policy has been instituted that the Executive Assistant District Attorney review the aging report and outstanding payables monthly.

FINDING # 05-04

ACCOUNTS RECEIVABLES NOT PROPERLY
POSTED

QUESTIONED COST

\$ 0

CONDITION:

Our examination of the grant receivable balances indicated that grant revenues were recorded on a cash basis. Accordingly the grant receivable balance per general ledger was not fairly stated.

CAUSE

The District Attorney's staff did not record the grant revenues on an accrual basis, with the exception of the Child Support Enforcement Program.

EFFECT

We were unable to determine if the accounts receivable balances recorded per financial statements were fairly stated.

RECOMMENDATION

We recommend that the District Attorney's Office record grant revenues on an accrual basis.

MANAGEMENT'S RESPONSE

The accounting staff has been instructed to record grant revenue on an accrual basis.

**DISTRICT ATTORNEY FOR THE PARISH OF ORLEANS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

FOR THE YEAR ENDED DECEMBER 31, 2005

FINDING # 05-05 INTERFUND TRANSFERS NOT RECONCILED

QUESTIONED COST: \$ 0

CONDITION

The District Attorney's Office executes regular transfers of funds between its grant accounts and the general fund accounts primarily to facilitate the funding of its payroll account. These transfers are not properly recorded and reconciled between the funds on a monthly basis.

CAUSE

The District Attorney's Office did not reconcile the interfund transfers on a monthly basis.

EFFECT

Amounts due to and due from other funds should reconcile to \$ 0 at year-end, however the amount due to other funds reflected a net balance of \$23,782. We were unable to determine the offsetting effect of the unreconciled difference.

RECOMMENDATION

We recommend that the District Attorney's Office reconcile the interfund transfers on a monthly basis.

MANAGEMENT'S RESPONSE

All interfund transfers will be reconciled monthly to insure that amounts due to and due from balance.

DISTRICT ATTORNEY FOR THE PARISH OF ORLEANS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED DECEMBER 31, 2005

FINDING 05-06

PAYROLL TIME SHEETS NOT MAINTAINED

QUESTIONED COSTS: \$ 10,416.17

CONDITION

Our audit of salaries and benefits expense included an examination of seventy (70) payroll transactions. During our examination we noted that forty-two (42) of the seventy (70) payroll transactions tested were not supported by properly completed time sheets or time cards.

We analyzed the missing time sheets to determine the related cost that was charged to grant programs and noted the following:

Grant	Payroll Cost Charged
Anti Stalking	\$ 5,241.67
Differential Case Mgt	416.67
Juvenile Gun Court	20.00
Local Law Enforcement	1,294.17
Project Safe Neighborhood	183.33
Public Corruption	625.00
Vertical Prosecution	2,683.33
Grand Total	<u>\$ 10,464.17</u>

CAUSE

We were advised by management that many of the requested supporting documents were lost or destroyed by aftermaths of Hurricane Katrina. In addition, timesheets were not required for attorneys and investigators.

EFFECT

Internal controls over payroll expenses were not adequate to assure that errors or irregularities related to time and effort are identified on a timely basis. The eligibility of these costs for reimbursement is questioned.

RECOMMENDATION

We recommend that management maintain all time sheets on file for applicable personnel.

MANAGEMENT'S RESPONSE

The District Attorney's policy is that all grant funded personnel account for time spent at work by completing time sheets, or time cards. Many grant related time sheets completed by attorneys were lost as a result of Katrina damage to the District Attorney's permanent office. The District Attorney has recently reaffirmed this policy and currently a time sheet system is in place requiring all attorneys and law enforcement investigators to sign time sheets reflecting time worked. All staff members currently use time cards.

FINDING # 05-07

CURRENT AUDIT NOT COMPLETED TIMELY

QUESTIONED COSTS: \$- 0-

CONDITION:

The audit of The District Attorney of the Orleans Judicial District for the year ended December 31, 2005 was not timely completed as required by the State of Louisiana Auditor.

CAUSE:

The District Attorney's Office experienced significant disruptions to its administrative operations and losses of supporting documentation as a result of Hurricane Katrina. These conditions delayed the availability of financial records and progress of the audit process.

EFFECT:

The agency is not in compliance with LSA-R.S. 24:513 which states that "all engagements must be completed and transmitted to the legislative auditor within six months of the close of the auditee's fiscal year."

RECOMMENDATION:

We recommend that The District Attorney of the Orleans Judicial District comply with the State law governing audit engagement and completion.

MANAGEMENT'S RESPONSE

The District Attorney is committed to doing everything within its power to ensure the timely filing of audits.

**DISTRICT ATTORNEY FOR THE PARISH OF ORLEANS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

FOR THE YEAR ENDED DECEMBER 31, 2005

**FINDING # 05-08 BUDGET TO ACTUAL PERFORMANCE REPORTS
NOT AVAILABLE**

QUESTIONED COSTS: \$- 0-

CONDITION

Budget to actual performance reports were not prepared by the District Attorney's Office for the general fund operations. These reports are a crucial management tools required to monitor financial performance of the Office. These reports are also required to present complete financial statement presentation in accordance with generally accepted accounting principles.

CAUSE

The District Attorney's Office procedures did not include performance of budget to actual comparisons.

EFFECT

We were unable to evaluate budget to actual performance of the general fund.

RECOMMENDATION

We recommend that back-ups of all financial reports be maintained as a part of a disaster recovery plan.

MANAGEMENT'S RESPONSE

The District Attorney is committed to preparing budget to actual performance reports. All financial reports will be reviewed by management and back up reports will be maintained

**DISTRICT ATTORNEY FOR THE PARISH OF ORLEANS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

FOR THE YEAR ENDED DECEMBER 31, 2005

FINDING # 05-09

GRANT PROGRESS REPORTS NOT ALL ON FILE

QUESTIONED COSTS: \$- 0-

CONDITION

The District Attorney's Office prepared monthly expenditure reports to substantiate its claims for reimbursement from its various grantors. We attempted to reconcile these monthly expenditure reports to the amounts recorded per general ledger for the respective programs and noted that the Juvenile Gun Courts – Wave grant did not have all of its required reports on file.

CAUSE

File maintenance procedures were not adequate at the District Attorney's Office.

EFFECT

We were unable to determine if proper grant financial reporting procedures were followed.

RECOMMENDATION

We recommend that the District Attorney review and approve its file maintenance procedures.

MANAGEMENT'S RESPONSE

The District Attorney has recently appointed a new lead grant accountant. All grants have been audited by the accountant and all files updated with proper expenditure and progress reports.

**DISTRICT ATTORNEY FOR THE PARISH OF ORLEANS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

FOR THE YEAR ENDED DECEMBER 31, 2005

**FINDING # 05-10 SUPPORTING DOCUMENTATION FOR EXPENSES
NOT LOCATED**

QUESTIONED COSTS: \$ 0

CONDITION

During our audit we examined a selection of fifty (50) non-payroll disbursements and noted that five (5) vendor invoices in support of the grant expenditures could not be located.

CAUSE

We were unable to determine the cause for this condition

EFFECT

These costs were all expended from the general fund accordingly, the allowability of the costs for reimbursement is not questioned

RECOMMENDATION

We recommend that the District Attorney maintain supporting documentation on file in support of all expenses.

MANAGEMENT'S RESPONSE

The District Attorney has a policy requiring proper invoices prior to authorizing payment to vendors. The invoices noted in this finding primarily involve payments for costs incurred in defense of a lawsuit filed against the Office of the District Attorney. The original invoices are in possession of the contracted attorneys who handled the matter. The District Attorney will ensure that appropriate invoices are received and kept on file at the District Attorney's office.

**DISTRICT ATTORNEY OF THE ORLEANS
JUDICIAL DISTRICT**

**Schedule of Findings and Questioned Costs
Year Ended December 31, 2005**

Section I - Summary of Auditor's Results

Financial Statements

A disclaimer of opinion was issued on the financial statements of the auditee.

Internal control over financial reporting:

Material weakness (es) identified? ☒ yes ☐ no

Reportable condition(s) identified
not considered to be material weaknesses? ☐ yes ☒ no

Noncompliance material to financial statements noted? ☒ yes ☐ no

Federal Awards

Internal control over major programs:

Material weakness (es) identified? ☒ yes ☐ no

Reportable condition(s) identified
not considered to be material weaknesses? ☒ yes ☐ no

An unqualified opinion was issued on compliance for the major program.

Any audit findings disclosed that are required to be
Reported in accordance with Circular
A-133, Section 510(a)?

☒ yes ☐ no

The major programs for the year ended December 31, 2005 were as follows:

Child Support Enforcement (Title IV-D) CFDA 93:563

Auditee Qualified as low-risk: No

Findings and Questioned Costs: Findings No. 05-01 through 05-10

DISTRICT ATTORNEY FOR THE ORLEANS PARISH JUDICIAL DISTRICT

**STATUS OF PRIOR FINDINGS
DECEMBER 31, 2005**

	Resolved	Unresolved
04-01 FIXED ASSET DETAIL NOT MAINTAINED		x
04-02 AGENCY FUNDS NOT PROPERLY ACCOUNTED		x
04-03 CASH ACCOUNTS NOT PROPERLY		x
04-04 NONCOMPLIANCE WITH CIVIL RIGHTS		x
04-05 INADEQUATE ACCOUNTING FUNCTION		x